**Ohio Republicans Balked at a Nuclear Bailout, so the Industry Elected New Republicans — and Walked Away With $1.1 Billion**



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On Tuesday, a dark-money effort linked primarily to the Ohio nuclear industry delivered an audacious payoff, as a newly elected state legislature overcame years of opposition to shower a $1.1 billion bailout on two state nuclear plants.

Several dark-money groups spent millions to replace key Republican state legislators in the spring of 2018, followed by a furious lobbying campaign to make sure those new lawmakers elected a new House speaker — one who was amenable to the subsidy. The nuclear industry in Ohio has been on the brink of failure for several years, but previous legislatures had objected to a bailout, reading the writing on the wall: Nuclear power is neither a cost-effective solution for power nor an effective response to climate change, despite hopes for its success.

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In April 2018, two nuclear plants, both owned by the electric utility FirstEnergy, [filed for bankruptcy](https://www.cleveland.com/business/2018/03/firstenergy_solutions_bankrupt.html) and have been threatening to cease operations if not bailed out. They were under [increasing pressure](https://www.cleveland.com/open/2018/04/firstenergy_pac_writes_big_che.html) to compete with cheaper alternatives, ranging from natural gas to wind and solar. The [bankruptcy filings](https://www.energyandpolicy.org/firstenergy-bailout/) give a glimpse into the company’s political spending: more than $30 million from 2018-2019 on lobbying and campaigns in Ohio and Pennsylvania (where the company also sought a bailout, so far unsuccessfully).

The dark-money effort deployed a [variety of vehicles](https://oklahomawatch.org/2018/09/14/oklahomas-biggest-dark-money-players/) that went by names like the Conservative Leadership Alliance and the Ohio Clean Energy Jobs Alliance. Murray Energy, a coal company, [also gave heavily](https://www.fec.gov/data/disbursements/?committee_id=C00410985&two_year_transaction_period=2018&data_type=processed) to current state House Speaker Larry Householder and his allied candidates, and the bailout from Ohio also includes subsidies to prop up failing coal plants in the state.

The payoff is extraordinary in degree — something like $30 million for campaigns in Ohio and Pennsylvania to win $1.1 billion in government subsidy. But it is similar in kind to other nuclear projects across the country. According to the Environmental Working Group, a nonprofit devoted to research and advocacy, five cash-strapped states across the country have foisted more than $15 billion in subsidies on failing nuclear power plants since 2016, the latest sign that nuclear is unable to stand in a competitive energy market against lower-cost renewables.

In Ohio, the state House battle was fought in at least 18 competitive Republican primaries, all proxy battles between Reps. Ryan Smith, the incumbent House speaker, and Larry Householder. Householder was a co-sponsor of the nuclear bailout bill that stalled in the legislature in 2018, making him a key ally to the nuclear industry. Several dark-money vehicles backed the pro-Householder candidates, and [won 15 of the 18](https://www.cleveland.com/open/2018/05/here_the_9_most_interesting_st.html) races. Four pro-Householder candidates lost in the general election, but the primary wins put Householder in contention for the speakership.

The industry even targeted one Republican state representative who had rebuffed FirstEnergy’s advances before making a bid for Congress. “I didn’t budge when they came into my office to lobby me,” former state Rep. Christina Hagan [said](https://publicintegrity.org/federal-politics/an-ohio-legislator-defied-firstenergy-lobbyists-then-a-dark-money-group-helped-sink-her-bid-for-congress/) of FirstEnergy. “I became the target of the company and the members of our leadership team who wanted to get it done but couldn’t because I wasn’t going to be supportive. I’m sure they just wanted to make an example of me in my race for higher office that if you don’t play well, this is what will happen to you.”

On top of the dark money, FirstEnergy’s political action committees directly contributed [more than $150,000](https://www.cleveland.com/open/2018/04/firstenergy_pac_writes_big_che.html) to the campaigns of Householder and candidates aligned with him, while giving none to Smith last cycle. Of the pro-Householder candidates who won their races, all but one supported the bailout.

Dark money also contributed to ads on Ohio television. Generation Now spent almost $2 million on ads in favor of the bailout, and perhaps much more. The Growth & Opportunity PAC, which got more than [$1 million i](http://www.commoncause.org/ohio/wp-content/uploads/sites/23/2019/05/OHIO-Connect-the-Dots.pdf)n donations from [Generation Now](https://www.opensecrets.org/outsidespending/donor_detail.php?cycle=2018&id=Generation+Now&type=O&super=S), also blanketed the state House districts with television ads in favor of Republican candidates. Generation Now’s office [is listed](https://www.cincinnati.com/story/news/2019/07/02/who-paid-all-money-buy-all-those-nuclear-bailout-ads-ohio-house-bill-6/1443145001/) as the Columbus address of a longtime Householder adviser, according to the Cincinnati Enquirer.

The new lawmakers entered office in January, and Householder, who, along with his son, [flew to Donald Trump’s inauguration](https://www.cleveland.com/open/2018/04/firstenergy_pac_writes_big_che.html) on a FirstEnergy-chartered plane, won with the backing of 26 Republican and 26 Democratic representatives, while Smith got the votes of 34 and 11, respectively. Householder was able to win the support of those Democrats with his opposition to right-to-work legislation, as unions pushed Democrats to back him in the speaker fight with Smith.

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That month, the legislature also began work on reviving the nuclear bill known as HB 6. At least seven witnesses who spoke to the legislature in support of the bill [drew on testimony](https://www.energyandpolicy.org/firstenergy-lobbyists-behind-testimony-supporting-bailout-bill/) written by a FirstEnergy lobbying firm, according to a review of metadata by the Energy and Policy Institute, which has closely tracked the fight.

On July 23, Smith and 14 other House Republicans voted against the bailout, but Householder was able to push it through 51-38, backed by nine Democrats. It was quickly signed by the state’s new governor, Republican Mike DeWine. (FirstEnergy also contributed to the campaign of DeWine, who then [tapped a FirstEnergy lobbyist](https://governor.ohio.gov/wps/portal/gov/governor/media/news-and-media/010319cabinetappointments) to be his liaison to the legislature.)

The Ohio legislation reads as if it was designed specifically to undermine the planet’s continued capacity to support a steady human population. Along with propping up the state’s two nuclear plants, it also provides subsidies for failing coal plants in the state, as well as one in Indiana. It cuts and eventually ends any subsidies for new wind or solar, while approving just $20 million annually for large-scale solar projects that have already been approved. It even ends programs aimed at encouraging Ohio residents to reduce power consumption, through upgrades to appliances or heating and cooling systems.

In April, Householder denied that the corporate PAC money had anything to do with the nuclear bill, and said that FirstEnergy should be applauded for its civic engagement. “For them to care about those people who are trying to serve the state of Ohio and make sure they’ve got good quality candidates moving forward I think is important for anybody,” [he said](https://radio.wosu.org/post/householder-denies-firstenergy-contributions-influenced-bill#stream/0).

When asked specifically about ads from the dark-money-funded Growth & Opportunity PAC, Householder [said](https://www.cincinnati.com/story/news/2019/07/02/who-paid-all-money-buy-all-those-nuclear-bailout-ads-ohio-house-bill-6/1443145001/), “I’ll tell you who’s paying for these ads: it’s working men and women from Ohio, who want to save their jobs and it’s Ohio corporations, headquartered in Ohio, that want to stay here. That’s who’s paying for it.” He did not respond to a request for comment from The Intercept.

The role of the nuclear industry in the shuffling of speakers was not prominent in the news coverage of the politics, but it wasn’t entirely unknown. Gregory Jaczko, who served as chair of the Nuclear Regulatory Commission from 2009 to 2012, said that the industry’s role in the affair was visible to those paying close attention. “FirstEnergy has been trying, really, for years to get this subsidy, and the legislature kept denying it, and nobody really, even the previous governor [John Kasich] was not really supportive of it,” he said. “FirstEnergy put a lot of money into local races and essentially turned the legislature around. So they ran this thing through.”

On a policy level, the legislation is appalling, said Jaczko, who has become an outspoken critic of the industry, and recently published a book, “Confessions of a Rogue Nuclear Regulator.” Building new wind and solar capacity would not only be a better climate solution and produce more jobs, he said, it would be far cheaper for the state, and it’s the direction Ohio will have to go eventually anyway. Wind and solar “creates a brand new economy, which is going to be a future-looking economy rather than a dying economy,” said the former NRC chair. “Nuclear is dying. It’s dying in Ohio.”

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The irony, he noted, is that Ohio had planned to be a testing ground for next-generation smaller nuclear power plants, which purported to solve some of the problems associated with nuclear energy, and won federal subsidies to try to build them. “As soon as they [got that money](https://www.energy.gov/articles/energy-department-announces-new-investment-us-small-modular-reactor-design-and) from the Department of Energy, they decided they weren’t going to pursue these reactors anymore,” Jaczko said. No new nuclear plants are planned for Ohio or anywhere else in the United States, and the closure of the two currently operating facilities is not a matter of if, but when. The billion-dollar subsidy only delays the transition to wind and solar, he said.

Winning the speakership is quite the comeback for Householder, whose career appeared to be cut short in the mid-2000s by a federal investigation into [kickbacks and a pay-to-play scandal](https://www.toledoblade.com/news/state/2006/06/17/U-S-inquiry-hurt-Householder-says/stories/200606170049). Ohio Secretary of State Ken Blackwell, a Republican, had referred the case to the FBI; it was resolved without charges. Householder won election back to the House in 2016, and during his first cycle, the incumbent speaker resigned amid his own FBI investigation. Smith took over on a temporary basis, leading to the battle between the two.

Ohio’s two senators, both of whose campaigns have taken money from FirstEnergy throughout their careers, were on different pages when asked about the billion-dollar bailout. Republican Sen. Rob Portman, whose campaigns have taken at least $615,000 from FirstEnergy PACs since his first run for Senate in 2009, said he didn’t know enough of the details of the decision and was swamped with other things this week.

Democratic Sen. Sherrod Brown, though, was indignant. “You don’t bail out utility companies and raise prices for customers,” Brown said. The utility has contributed around $380,000 to Brown’s campaigns since 1997, when he was in the House of Representatives. “And you don’t undermine the efforts our state has made on alternative energy and other energy sources. So it’s just wrong.” Asked about reports of the involvement of dark-money groups in pushing the bailout, Brown said: “Of course there is.”

“I mean, these things happen because these moneyed interests control the state legislature. There’s no question about it.”

In a statement Brown’s office sent later in the day, the senator added that expending enormous resources to prop up outdated sources of power would only hurt Ohio going forward. “Of course we need to make sure our state has access to reliable power, but we shouldn’t do that by raising the utility bills of hardworking Ohioans,” Brown said. “We need solutions designed for Ohio workers and families, not Wall Street and fat-cat lobbyists. By eliminating the renewable standard, Ohio is going backward when almost every other state is looking to the good-paying jobs of the future. It’s short-sighted and it is going to result in significant lost opportunities in our state—our businesses will be less competitive, energy developers will avoid investing in Ohio, and there will be fewer jobs in this growing sector.”

The cost of the nuclear bailout for Ohio ratepayers is a bargain compared to the bill being given to [residents in South Carolina](https://theintercept.com/2019/02/06/south-caroline-green-new-deal-south-carolina-nuclear-energy/). The cost of a failed program to build a nuclear power plant there topped $9 billion. Two of the companies involved — Dominion Energy and SCANA Corporation — entered into a buyout and settled a large portion of the bill, leaving ratepayers responsible for footing the remaining $2.3 billion, more than twice the Ohio figure. Not a single kilowatt of energy was produced in South Carolina by the project, which consisted largely of a hole in the ground.

The Ohio subsidies for coal and nuclear, which follow bailouts doled out by Illinois, New York, and New Jersey, underscore the futility of pursuing nuclear power.

Nuclear power once offered the tantalizing promise of endless cheap and clean energy, and to this day remains a hope in the minds of some climate activists. But in reality, nuclear hasn’t met the promise. It is far more expensive to produce nuclear power than wind or solar, and the world has not solved the intractable problem of nuclear waste, to say nothing of safety. To truly meet the scale of the climate crisis with nuclear power, Jaczko said, the world would need to start construction on roughly 1,000 plants *this* *year*. But because of the safety concerns, waste problem, and astronomical cost, there are just a handful being built. Ohio lawmakers, though, are hanging on to the bitter end — courtesy of Ohio’s residents.

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